

Instructions for Form 5805F

Underpayment of Estimated Tax by Farmers and Fishermen

General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to our website at ftb.ca.gov and search for **conformity**.

Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), California Adjustments, and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

For taxable years beginning on or after January 1, 2002, California changed the method used to calculate loss carryovers, deferred deductions, and deferred income for nonresident and part-year resident taxpayers. This law changed the tax computation to recognize those items, and established a new method of determining percentages for computing tax for all nonresidents and part-year residents. California changed the nonresident tax forms (Long and Short Form 540NR) to more clearly show that nonresidents are taxed by California only on their California taxable income. For more information get FTB Pub. 1100, Taxation of Nonresidents and Individuals Who Change Residency.

Proposition 63, approved by voters on November 2, 2004, enacted the Mental Health Services Act, which imposes an additional 1% tax on taxable income over \$1,000,000.

Effective for 2005, Alternative Minimum Tax (AMT) is now included in the calculation of estimated tax.

For taxable years beginning on or after January 1, 2005, the underpayment of estimated tax penalty shall not apply to the extent the underpayment of an installment was created or increased by any provision of law that is chaptered during and operative for the taxable year of the underpayment. To request a waiver of underpayment of estimated penalty, follow the directions under General Information E.

Registered Domestic Partners (RDP)

RDPs under California law must file their California income tax returns using either the married/RDP filing jointly or married/RDP filing separately filing status. RDPs have the same legal benefits, protections, and responsibilities as married couples unless otherwise specified.

For purposes of California income tax,

references to a spouse, a husband, or a wife also refer to a California registered domestic partner (RDP), unless otherwise specified. When we use the initials (RDP), they refer to both a California registered domestic partner and a California RDP as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for registered domestic partners.

Round Cents to Dollars

Round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round \$25.49 down to \$25. If you do not round, the FTB will disregard the cents.

A Purpose

Use Part I of form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, to determine if you, as a farmer or fisherman, paid the required amount of estimated tax. Use Part II to compute your estimate penalty if you did not pay enough estimated tax.

B Qualifications

You are a farmer or fisherman and at least two-thirds of your 2007 or 2008 gross income is from farming or fishing. If you need help determining your gross income, get federal Publication 505, Tax Withholding and Estimated Tax.

If you determine that you are not a farmer or fisherman, do not use this form. Instead, use form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries, to determine if you owe an estimate penalty.

C Required Estimate Payment

If you are a farmer or fisherman, you are required to make an estimated tax payment of 66⅔% (.6667) of your 2008 tax or 100% of your 2007 tax, whichever is less. If you are a calendar year taxpayer, your payment must be filed and paid by January 15, 2009. If you are a fiscal year taxpayer, your payment must be filed and paid by the 15th day of the 1st month after the close of your taxable year.

When the estimate due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

D Exceptions to the Penalty

You do not owe a penalty for 2008 if any of the following apply:

1. You file your 2008 tax return and pay the full amount of tax due by March 3, 2009.
2. The tax for 2007, after credits (Form 540, add line 30, line 31, and line 32 less the tax on lump-sum distributions included on line 23 and child and dependent care expenses credit on line 43 and less line 36, line 38, and line 39; Long Form 540NR, add line 38, line 39, and line 40 less the tax on lump-sum distributions included on line 26 and child and dependent care expenses credit on line 50 and less line 43, line 44, and line 46; or Form 541, add line 25, line 26, and line 27 less the tax on lump-sum distributions included on

line 21b and less line 29 and line 31), was less than \$200 (\$100 if married/RDP filing separately).

3. The tax for 2007 (from line 8) is less than \$200 (\$100 if married/RDP filing separately).
4. You had no tax liability for 2007 and your 2007 tax return was for a full 12 months (or would have been if you were required to file). You do not need to have had income in each month.

E Waiver of the Penalty

All or part of the penalty for underpayment may be waived if either of the following apply:

- You underpaid the estimated tax because of a casualty, disaster, or other unusual circumstance and it would be inequitable to impose the penalty.
- In 2006 or 2007, you retired after age 62 or became disabled and your underpayment was due to reasonable cause.

To request a waiver you must do all of the following:

- Complete form FTB 5805F through line 17 without regard to the waiver. Write the amount you want waived in parentheses on the dotted line next to line 18. Subtract this amount from the total penalty you figured without regard to the waiver, and enter the result on line 18.
- Check the box on line 18.
- Below line 18, explain why you are requesting a waiver of the estimate penalty. If you need more space, attach a statement.
- Enter the amount, if any, from line 18 on Form 540, line 64; Long Form 540NR, line 71; or Form 541, line 42 and fill in the circle on that line.

F Amended Returns

If you file an amended return by the due date of your original return, use the amounts shown on your amended return to figure your underpayment. If you file an amended return after the due date of your original return, use the amounts shown on the original return.

Exception: If you and your spouse/RDP file a joint return after the due date to replace separate returns you originally filed by the due date, use the amounts shown on the joint return to figure your underpayment. This rule applies only if both original separate returns were filed on time.

Important: Even if you do not owe a penalty, you should do both of the following:

- Attach this form to the back of your Form 540, Long Form 540NR, or Form 541.
- Fill in the circle on Form 540, line 64; Long Form 540NR, line 71; or Form 541, line 42 if you are a farmer or a fisherman. This helps the FTB identify you as a farmer or fisherman and correctly process your tax return.